

**MINUTES OF MEETING OF  
THE BOARD OF DIRECTORS OF  
LOUISIANA CORRECTIONAL FACILITIES CORPORATION  
WEDNESDAY, OCTOBER 10, 2012**

A meeting of the Board of the Louisiana Correctional Facilities Corporation ("LCFC") was duly called and held Wednesday, October 10, 2012 in the Fifth Floor Main Conference Room of Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P., Four United Plaza, 8555 United Plaza Boulevard, Baton Rouge, Louisiana 70809-7000, pursuant to due notice having been given according to Louisiana Public Meetings Law.

The following members were present:

Mr. Ted Riser  
Mr. Charles McDonald  
Secretary James LeBlanc  
Mr. Richard Crain  
Mr. Whalen Gibbs, Jr.

The following members were absent:

None

Also present:

Mr. Tom C. Bickham, III – Undersecretary, Department of Public Safety & Corrections  
Mr. Billy Breland, Maintenance and Corrections Director – Department of Public Safety & Corrections  
Mr. Matt Kern, Esq. – Jones, Walker, Waechter, Poitevent, Carrère & Denégre L.L.P.  
Ms. Patti Dunbar - Jones, Walker, Waechter, Poitevent, Carrère & Denégre L.L.P.  
Mr. John Mayeaux – Sisung Securities  
Mr. Watson Barger – The Bank of New York Mellon Trust Company

Item 1 – Call to Order

The meeting was called to order by Mr. Riser. Mr. Riser called roll and noted that a quorum was present and that the Board could conduct its business.

Item 2 – Approval of Minutes of the Board Meeting from June 7, 2012

Motion was made for the approval of minutes from the Board meeting of June 7, 2012 by Mr. Crain. The Motion was seconded by Mr. Gibbs and the Motion passed by unanimous vote.

### Item 3 – Introduction of Charles McDonald as new Board Member

Mr. Riser introduced Mr. McDonald as the new board member. Everyone present introduced themselves to Mr. McDonald. Mr. McDonald recently retired as sheriff of Richland Parish.

### Item 4 – Approval of updated LCFC Bylaws

Mr. Kern discussed the Amended and Restated Bylaws which are up for approval, a draft of which had been distributed to all board members previously. Motion was made for the approval of Amended and Restated Bylaws by Mr. Crain. The Motion was seconded by Mr. Gibbs and the Motion passed by unanimous vote.

### Item 5 – Appointment of Jenese Beckstrom as Assistant Secretary - Treasurer

In accordance with the Bylaws, motion was made by Mr. Crain to approve the appointment of Jenese Beckstrom as Assistant Secretary – Treasurer of the board. The Motion was seconded by Mr. Gibbs and the Motion passed by unanimous vote.

### Item 6 – Discussion regarding Ethics Board information on the possible hiring of Tommy Head as a consultant to the Board

Mr. Riser stated that Mr. Chevalier was to have a report on this matter but Mr. Chevalier had a conflict and was not able to be present at the meeting. Mr. Kern stated that he would meet with Mr. Chevalier to discuss this matter and report back on it at the next meeting. Mr. Riser stated that, additionally, he would talk to Mr. Head and Sheriff Buckley in Union Parish for a recommendation of an oil and gas attorney in that area. Mr. Bickham stated that Mr. Head would have to ask for an Opinion from the Ethics Board to see if he could serve as a paid consultant to the board. Mr. Bickham went on to state that the rules state that a person would be prohibited from working as a consultant to the board for a period of 2 years following his resignation from the board unless he was to serve on an uncompensated basis. This matter will be looked into further and discussed at the next board meeting.

### Item 7 – Update on LCFC Finances (review of bank statements)

Mr. Barger went through the bank statements from September 20, 2012 and explained the various accounts and balances. He stated that the most recent balance of the Administrative Expense Fund is \$745,848.49. Secretary LeBlanc and Mr. Breland stated that there were some pending invoices that were to be paid out of this fund. Mr. Breland then stated that he got a call about leftover funds to be returned to LCFC. The total amount was \$686.97 for the conviction project and \$5,895.73 for the death row project. These amounts will be sent to LCFC, care of Fred Chevalier and then forwarded to Watson Barger.

Item 8 – Discussion of Post Issuance Matters regarding the Series 2007 Bond Issue

Mr. Riser stated that there is an Arbitrage Rebate Calculation coming up and that BNY Mellon has submitted a proposal to handle this for \$3,500. Mr. Mayeaux then explained why the Arbitrage Rebate Calculation was necessary and that BNY Mellon does an excellent job with it. Motion was made by Mr. Crain to authorize BNY Mellon to perform the Arbitrage Rebate Calculation. The Motion was seconded by Mr. Gibbs and the Motion passed by unanimous vote.

Mr. Kern then discussed the two continuing disclosure agreements that were signed in connection with the 2007 Bond Issue. One was signed by the Division of Administration and one was signed by LCFC. These agreements state that the information in the Official Statement which was used to market the bonds to investors originally will be updated on a yearly basis. Both the Division of Administration and LCFC agreed to supply updated financial statements yearly. Mr. Kern stated that LCFC's finances are all related to the bond issue and that it was more relevant for investors to have updated financial information from the Division of Administration. This information is submitted through an online database called EMMA (run by MSRB) which distributes it to bondholders. Mr. Mayeaux then explained more about these continuing disclosure agreements. He stated that they emanate from federal securities laws, specifically Rule 15c2-12. It requires that the obligated party provide updated financial information as well as the requirement that the "deadly sins" be reported, i.e., default on bonds, rating changes, bankruptcy, etc.

Over the years, the state has not complied with this filing requirement. Within the last 6 months there have been new regulations passed for bond underwriters stating that they must follow up on these disclosure agreements. The State has been going through and playing catch-up on filing their past financial statements for various transactions. As of now, they have not yet done the catch-up on LCFC. Mr. Mayeaux stated that they will be working with the Division of Administration to make sure that they do catch-up on LCFC. As far as LCFC's reporting obligation, there may be a possibility that this requirement can be amended out of the agreement because the investors are really interested in the finances of the State, not LCFC. Mr. Kern then stated that he would work with Mr. Mayeaux on this matter and report on anything that needs to be handled by LCFC at the next meeting. Secretary LeBlanc then asked if this would put LCFC in jeopardy. Mr. Mayeaux stated that it would not because the federal government has limited jurisdiction to enforce rules against state and local governments and LCFC with regard to securities laws. Therefore, the rules are passed on bond underwriters, which is an indirect way of enforcing the rules. As long as the state gets caught up for the LCFC bond issue and continues to provide updated financial information, there should be no problems in the future. Mr. Mayeaux also stated that this is a nationwide problem.

Item 9 – Discussion of Act 12 of the 2009 Legislative Session and online reporting requirements and take appropriate action relating thereto

Mr. Kern stated that Act 12 of the 2009 Legislative Session requires that LCFC provided updated information on all board members using an online database. The deadline for uploading this information to the database is October 31, 2012. Mr. Kern suggested that Jenese Beckstrom and Jones Walker handle getting this information together from the board members and submitting it online. Motion was made by Mr. Gibbs to authorize Jenese Beckstrom and Jones Walker to handle this matter. The Motion was seconded by Mr. Crain and the Motion passed by unanimous vote.

Item 10 – Update on projects for Department of Public Safety and Corrections

Mr. Breland gave an update on various projects, including the fencing and cameras. He stated that they were completing the bathroom conversion as Avoyelles. Also, a contract has been signed for the Tallulah project. He stated that there have been some manufacturer related delays. Secretary LeBlanc then provided information to the Board about prison closings and projected upcoming state budget cuts.

Item 11 – Approval of reimbursement of expenses incurred by Board members for travel expenses

Motion was made by Mr. Gibbs for the approval of reimbursement of expenses incurred by Board Members, Mr. McDonald, Mr. Crain and Mr. Riser. The Motion was seconded by Mr. Crain and the Motion passed by unanimous vote.

Item 12 – Approval of legal fees submitted by Jones Walker, et al (JW Invoice No. 610412 dated August 13, 2012)

Motion was made for the approval of legal fees submitted by Jones Walker, et al by Mr. McDonald. The motion was seconded by Mr. Crain and the Motion passed by unanimous vote.

Item 13 - Transaction of such other business as may properly come before the Board

Motion was made by Mr. Crain to add to the Agenda the authorization of payment of BNY Mellon Invoice No. 252-1658213 as received by Mr. Riser in the amount of \$1,890 for the Administration Fee for the Series 2007 Revenue Bonds for the period October 1, 2012 – September 30, 2013. The Motion was seconded by Mr. Gibbs and the Motion passed by unanimous vote.

Item 13A – Authorization of Payment of BNY Mellon Invoice No. 252-1658213 in the amount of \$1,890 for the Administration Fee for the Series 2007 Revenue Bonds for the period October 1, 2012 – September 30, 2013

Motion was made by Mr. McDonald for the approval of payment of The Bank of New York Invoice No. 252-1658213 as received by Mr. Riser. The Motion was seconded by Mr. Gibbs and the Motion passed by unanimous vote.

Motion was made by Mr. Crain to add to the Agenda the election of a Vice Chairman of the Board. The Motion was seconded by Mr. Gibbs and the Motion passed by unanimous vote.

#### Item 13B – Election of a Vice Chairman of the Board

Mr. Gibbs nominated Mr. McDonald to serve as Vice Chairman of the Board. Mr. Crain seconded this nomination and it passed by unanimous vote. Mr. McDonald is now Vice Chairman of the Board. Mr. Barger suggested that Mr. McDonald execute a Certificate of Incumbency with The Bank of New York to authorize him to sign documents in Mr. Riser's absence. This matter will be further discussed at the next meeting.

Motion was made to adjourn by Mr. Crain. The Motion was seconded by Mr. Gibbs and the Motion passed by unanimous vote.